

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-02 INR-10  
L-03 NSAE-00 NSC-05 PA-02 SP-02 SS-15 ICA-20  
EB-08 COME-00 TRSE-00 OMB-01 XMB-04 /090 W  
-----127926 131419Z /43

P 130830Z JUL 78  
FM AMCONSUL TRIESTE  
TO SECSTATE WASHDC PRIORITY 0928  
INFO AMEMBASSY ROME PRIORITY  
AMEMBASSY BELGRADE PRIORITY  
AMCONSUL ZAGREB PRIORITY  
AMCONSUL MILAN PRIORITY

UNCLAS TRIESTE 0325

E.O. 11652: N/A  
TAGS: PINT, ECON, IT, YO  
SUBJ: YUGOSLAVIA PUTS THE ECONOMIC SQUEEZE ON TRIESTE

REF.: TRIESTE 0310

1. THE ANTI-OSIMO AND ANTI-SLAV STANCE OF THE PER TRIESTE GROUP IN THE RECENT REGIONAL ELECTION CAMPAIGN (SEE REFTELS) HAS BROUGHT A STRONG REACTION FROM YUGOSLAVIA WHICH COULD HAVE A SERIOUS NEGATIVE IMPACT ON AN IMPORTANT SECTOR OF TRIESTE'S ECONOMY. ON THE DAY AFTER ELECTIONS, IN A MOVE TIMED TO SHOW DISPLEASURE WITH THE ELECTION RESULTS, YUGOSLAVIAN AUTHORITIES AT ALL BORDER CROSSINGS IN TRIESTE PROVINCE BEGAN RESTRICTING THE INFLUX OF YUGOSLAVIAN SHOPPERS, A MAJOR ELEMENT IN TRIESTE'S ECONOMY (THERE ARE ABOUT FIVE MILLION VISITS BY YUGOSLAVIANS TO TRIESTE EVERY YEAR).

2. SINCE THEN HERE HAS BEEN A 50% REDUCTION IN THE NUMBER OF YUGOSLAVIANS CROSSING THE BORDER, AND A 50% REDUCTION IN THE NUMBER OF PURCHASES BY YUGOSLAVIANS IN TRIESTE STORES.

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ON A RECENT SATURDAY, YUGOSLAVIAN BORDER OFFICIALS, INSTEAD OF MAKING THE USUAL CURSORY CHECKS, WERE TAKING AN AVERAGE OF FIVE MINUTES TO EXAMINE EACH YUGOSLAVIAN AUTOMOBILE ENTERING TRIESTE. THE RESULT WAS LINES OF UP TO TEN KILOMETERS IN LENGTH AT SOME BORDER POSTS, AND NOTICEABLY LIGHTER CROWDS AND TRAFFIC IN TRIESTE ITSELF.

3. YUGOSLAVIA'S PIQUE IS APPARENTLY ONLY WITH TRIESTE. NO SIMILAR RESTRICTIONS ARE IN EFFECT AT OTHER BORDER CROSSINGS, SUCH AS THOSE IN ADJOINING GORIZIA PROVINCE. AT THE JULY 4TH VIN D'HONNEUR A SENIOR YUGOSLAVIAN OFFICIAL RESIDENT IN TRIESTE MADE A POINT OF STATING HIS UNHAPPINESS WITH THE ANTI-SLAV NATURE OF PER TRIESTE, AND HIS FEELINGS ARE CLEARLY SHARED BY OTHERS.

4. THE RESPONSE OF THE PER TRIESTE GROUP HAS THUS FAR BEEN LESS THAN COMPROMISING. AN OFFICIAL OF THE LOCAL QUESTURA STATED THAT ITALIAN BORDER OFFICIALS ARE UNDER PRESSURE FROM PER TRIESTE TO MATCH THE YUGOSLAVIAN MOVES WITH INCREASED RESTRICTIONS OF YUGOSLAVIANS ON THE ITALIAN SIDE OF THE BORDER AS WELL. THIS WILL HARDLY MOLLIFY THE YUGOSLAVIANS. AND WHILE THE MORE PAROCHIAL AMONG HARD CORE SUPPORTERS OF PER TRIESTE MAY CHEER, IT WON'T SIT WELL WITH THOSE TRIESTINI WHO ARE ALREADY FEELING THE ECONOMIC PINCH EITHER.

5. IT IS NOT YET CLEAR IF THE CURRENT BORDER RESTRICTIONS ARE TEMPORARY OR PERMANENT. YUGOSLAVIA HAS ALREADY MADE ITS POINT WITH LOCAL MERCHANTS, AND MAY FEEL THAT THIS IS ENOUGH. IF PER TRIESTE CONTINUES TO IRRITATE THE YUGOSLAVIANS, HOWEVER, THE LATTER MAY FEEL COMPELLED TO KEEP UP THE PRESSURE.  
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## Message Attributes

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**Current Classification:** UNCLASSIFIED  
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**TAGS:** PINT, ECON, IT, YO  
**To:** STATE  
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